



Virginia Employment Commission

Short-Time Compensation

Frequently Asked Questions

1. How do I apply for a Short-Time Compensation (STC) Plan?
If the Short-Time Compensation Plan will benefit your business, review the STC Plan information and complete and submit a "Short-Time Compensation Plan Application" to the Virginia Employment Commission.
2. What are the employer's responsibilities once a STC Plan has been approved?
As the employer, you will have responsibilities for the duration of the approved STC Plan. You will be required to immediately notify VEC of any changes that impact the agreement. You will also act as the primary source of information for your employees. You are responsible for:
 - *informing each of your participating employees of the STC Plan*
 - *providing each of your participating employees with a copy of "STC Participant Responsibilities"*
 - *assisting your employees to request benefit payments by timely completing the "Bi-Weekly Claim for STC"*
 - *immediately notifying VEC if a participating employee is permanently separated for any reason*
 - *immediately notifying VEC if there is a change (add/delete participants) to the participating employees*
 - *immediately notifying VEC if there are additional paid/unpaid holidays or plant closings*
3. How long is a STC Plan in effect?
The STC Plan can be effective for up to but no longer than 6 calendar months. You will indicate the length of time for your plan on your application.
4. How does a STC Plan affect our unemployment tax rate?
Short-Time Compensation benefits are unemployment insurance benefits. Any benefits paid under your STC Plan will be charged to your employer account in the same manner as unemployment compensation is charged. Since STC is used in lieu of a full layoff, you should compare the benefits paid for full layoffs to those paid under STC. One individual receiving 100 percent benefits roughly equals five individuals receiving 20 percent STC benefits.
5. We have a scheduled shutdown every year. How many weeks are we allowed to be shutdown while on a STC Plan?
Your proposed agreement can include a scheduled shutdown for up to two weeks.
6. Is it possible for an employer to have more than one STC Plan?
Yes; however, employees cannot be on more than one agreement at any time. For each STC Plan, the proposed reduction MUST BE the same for all affected employees in the plan. If there is more than one affected unit, with different effective dates or reduction of hours, a separate STC Plan Application must be completed.
7. Who selects which employees participate?
You do. All employees listed on your STC Plan must have been hired normally employed full-time, but now hours are reduced with a corresponding reduction in pay to prevent layoffs.
8. Can salaried employees be included in the STC Plan?
Yes. Salaried employees can be included as long as their hours are reduced with a corresponding reduction in pay.
9. How many employees must be included on a STC Plan?
By law, at least two employees must be listed on a STC Plan as part of the affected unit.
10. What is the required number of reduced hours?
The reduction is based on the usual weekly hours of work for employees in the affected unit and the specific percentage by which their hours will be reduced during all weeks covered by the STC Plan. The reduction of hours you indicate on the STC Plan must be the same for each employee and between 10 to 60 percent.
Example: *Reducing the hours of employees from 40 hours per week to 30 hours per week, equals a 25% reduction in hours.*
11. Once a STC Plan is approved, do the affected participating employees have to work the reduced hours stated on the agreement each week?
Yes. The affected participating employees should be working the reduced hours as approved in the STC Plan.
12. If a full layoff occurs, how are an employee's unemployment benefits affected by prior payment of STC benefits?
Upon full layoff the employee becomes eligible for their full weekly unemployment benefit amount. Their maximum benefit amount will be reduced by the amount of STC benefits they received.
13. Some of my employees have a second job. How does this affect STC benefits?
All affected participating employees are required to report the name of their employer(s), address, total hours worked, and earnings for additional employment on their "Bi-Weekly Claim for Short-Time Compensation." Earnings from additional employment will further reduce the amount of the STC payment.
14. How will participation in STC Plan affect an employee's take home pay?
Participating employees will receive wages from their employer for the hours they work and benefits from the Unemployment Insurance Program for their "lost time". The benefits make up about one-half of an employee's lost income due to reduced hours.
15. How will existing employee health care and pension benefits be affected by participating in STC?
Employees participating in STC will continue to be eligible for health care benefits and pension plans to the same extent as employees who are not participating in STC.